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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 01/25/06

Part-2

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Articles:

11) "BSE risk lower than getting into an auto accident", says US Under Secretary of Agriculture Penn, but remark rubs consumers wrong way

YOMIURI (Page 2) (Full)  
January 25, 2006

US Under Secretary of Agriculture J.B. Penn, who is in Japan for bureau-chief level talks on the issue of the ban on US beef imports, made this remark during a press conference at the US Embassy: "The risk of catching BSE is far lower than getting into an auto accident. I believe that Japanese consumers will make the right decision."

Just at the time when sloppy handling of exports of beef with attached backbones, a specified risk material, was discovered, Under Secretary Penn in his briefing compared BSE to the risk of an auto accident, which has nothing to do with food safety. His remark is likely to provoke a strong reaction from Japanese consumers, whose sensitivities have been rubbed the wrong way.

In the press briefing, Penn said: "I hear that Japan has already discovered 22 cows with BSE. There have only been two found in the US," explaining that the incidents of infected cattle in the US was much less than that in Japan. He stressed the safety of US beef by saying, "Although Americans consume a huge volume of

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beef, there have been no incidents of harm to their health."

12) Minshuto Maehara protests to US Under Secretary of Agriculture over beef issue

NIHON KEIZAI (Page 2) (Full)  
January 25, 2006

Minshuto (Democratic Party of Japan) head Seiji Maehara met with US Under Secretary of Agriculture Penn at party headquarters yesterday and criticized the mixture of specified risk materials in a US beef shipment as "betraying Japanese people's confidence (in US beef)."

13) Food industry annoyed with un-sellable stocks of beef, following re-imposition of ban on US beef imports

MAINICHI (Page 8) (Slightly abridged)  
January 25, 2006

Following Japan's re-imposition of a ban on the import of US beef, supermarket chains and food processors have been overwhelmed with over-stocked US beef. Amid growing distrust among consumers, they find it extremely difficult to sell it under the current situation.

Supermarkets

CGC Japan Co. (Shinjuku-ku, Tokyo), a cooperative buying company joined by 217 supermarket chains and other companies, signed contracts with US food processors that have a process line used exclusively for cattle bound for Japan. The company has already imported about 13 tons of beef and also planned to import about 13 tons weekly to put such beef on shelves at 25 supermarkets, some of which had put on sale on a trial basis. But the company retrieved all their inventories. A company member expressed concern of consumers turning away from US beef, saying: "Even if the ban is lifted, consumers' psychological hurdle is now high."

Marunaka, a food supermarket chain operating 114 outlets in Takamatsu and other cities, resumed the sale of US beef starting

on Dec. 26. The company received 6 tons of US beef late last year and 8 tons early this year. Imported beef was in great demand. But the product was removed from the shelves on Jan. 21, the day after the government's decision to embargo US beef.

#### Processors

Since Japan lifted its ban on US beef imports last December, Nippon Meat Packers Inc. has purchased 70-80 tons of beef from the US, some of which it has already delivered to its clients. The company is now perplexed, an executive grumbling: "There is no way but to wait an instruction from the government." Itoham Foods Inc. has purchased 1 ton for testing sale, but a sales representative regrettably said: "We will have to dump it."

#### Beef barbecue restaurants

Zenshoku, a chain operator of about 70 beef barbecue restaurants in the Kanto and Kansai districts, is now engaged in negotiations

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so that the 2 tons of imported beef it has purchased will be taken back by the US through an importing agent. A spokesman of the National Beef Barbecue Restaurant Association joined by 1,500 restaurants across the nation apparently expressed his anger at the US blunder, saying: "The issue concerns the safety and security of food. The US must be more serious."

14) Prime Minister Koizumi's answers to questions at plenary sessions of both houses

MAINICHI (Page 10) (Excerpts)  
January 25, 2006

The following are main points from Prime Minister Junichiro Koizumi's answers to questions posed by each party representative at the question-and-answer sessions yesterday of both Diet chambers.

#### US beef issue

We decided on the resumption of US beef imports based on a report compiled by the Food Safety Commission after conducting exhaustive discussions from the scientific point of view and hearing public views. The criticism that the decision was made with priority given to Japan-US relations is not true. In order to prevent a recurrence of similar incidents as well as to ensure the people's food safety and reassure them, we have asked the United States to investigate into the cause of the incident and take preventive measures against a recurrence.

#### Realignment of US forces in Japan

On the relocation cost from Japan to Guam, no specific measures have yet been decided at this point in time. But in terms of maintaining a deterrent force as well as reducing the base burden on base-hosting municipalities, I hope to see personnel based at the US Marine Corps headquarters in Okinawa transferred to Guam as swiftly as possible. To this end, I intend to examine financial and other measures in cooperation with the US government.

#### Asia diplomacy

In relations with South Korea, we have been conducting the joint research on history in an effort to promote mutual understanding about historical facts and perceptions. In relations with China, as well, we have been discussing a plan for joint studies of history. I will continue my effort to enhance exchanges with (South Korea) so as to build a future-oriented relationship based on mutual understanding and confidence.

As for relations with China, there are the differences of views and clashes over some issues, but from a broad perspective, I will strengthen cooperation with that country in order to build a future-oriented relationship. I have from the start until now

indicated that I am ready to meet the top leader of that country at anytime. It is strange, from a common-sense viewpoint, that that country is reluctant to hold a summit meeting because of some issues.

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Regarding the suicide of a diplomat at the Consulate in Shanghai, following the news reports on the incident, I received reports describing the outline of the incident and our country's responses through the secretary and other officials. As a result of the investigation, it has been confirmed that there were no signs of leakage of confidential information. I will take all possible measures for the system for preservation of confidentiality at our diplomatic missions abroad.

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#### Prime minister's visits to Yasukuni Shrine

I have paid homage at Yasukuni Shrine so as to pay respect and gratitude to all the war dead who in our country's history since the Meiji Restoration, died for the nation against their will, as well as out of the feeling that we must not fight a war again.

The construction cost for a new memorial facility (for the war dead) was not earmarked in the fiscal 2006, but I am looking forward to a heated discussion on a plan for the construction of such a facility.

I know a variety of views exist in the US. But I have never received criticism of my shrine visits from President Bush. I think the US government has understood the true meaning of my shrine visits. I will make efforts to get other countries' understanding toward my shrine visits.

#### Constitutional revision

Pacifism is the basic philosophy of our Constitution. We must firmly maintain it in the future, as well. There are various arguments over Article 9 of the Constitution and the existence of the Self-Defense Forces (SDF). But it is becoming international understanding that based on pacifism, our country has played an active part for the peace of the international community as well as for the securing of security. On constitutional revision, my party, Liberal Democratic Party drafted revisions to the Constitution last November. Discussions of constitutional revisions are going on at each party as well as in the Diet. Through these discussions, I hope to see a national debate enlivened and deepened on the question of what is an appropriate Constitution in the new age.

#### ODA reform

International confidence and appreciation of our country stem from our contributions of official development assistance (ODA) to the international community. It is highly important to offer aid in a visible manner. I will endeavor to get a deep understanding about the meaning and importance of ODA on a bilateral basis. I take your question as hinting that strategic thinking is more necessary than ever in examining how to offer ODA. I, too, agree with your indication that it is critically important to provide assistance effectively by enhancing the efficiency of ODA through cost reduction and also using non-governmental organizations more often.

15) Prime Minister Koizumi: I don't mind the criticism; Denies LDP president's responsibility for supporting suspect Horie in Lower House election

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When asked by reporters about his view on the question of whether the Liberal Democratic Party (LDP) should bear responsibility for supporting former Livedoor Co. President Takafumi Horie, who has been arrested on suspicion of violating the Securities and Exchange Law, Prime Minister Junichiro Koizumi stated yesterday evening: "It is difficult to know all personalities of a person. I don't mind the criticism of my view."

Koizumi, however, denied again the view that he should take responsibility as LDP president. He stated, "I believe that the arrest of (suspect Horie) and the Koizumi reform drive are two separate matters."

He also said to the press corps:

"What about the fact that media treated him like a hero of the times? (Suspect Horie) ran the election as an independent candidate and he was not elected. Don't you think the voters were calmer than the media?"

16) Prime Minister Koizumi says, "I bear criticism" for supporting Horie, correcting his earlier remarks

YOMIURI (Page 2) (Full)  
January 25, 2006

Asked by reporters about the fact that his ruling Liberal Democratic Party (LDP) supported former Livedoor Co. President Takafumi Horie in last fall's House of Representatives election, Prime Minister Junichiro Koizumi stated yesterday: "It is difficult to find out whether a candidate has problems or not. I will bear criticism if some say what I said was unclear." Koizumi had insisted that the LDP bears no moral responsibility, saying, "The (scandal) and support of Mr. Horie by senior LDP members are separate matters." He, however, corrected his earlier remarks in consideration of the growing criticism of the LDP leadership.

Koizumi also stated: "What about the media that treated (suspect Horie) as a hero of the times? Minshuto (Democratic Party of Japan) candidates, who won Lower House seats, engaged in misconduct. One of the party's newcomers was arrested for possessing stimulant drugs. I think the arrest of (Horie) and the Koizumi reform drive are separate matters." He then denied the view that the Horie scandal would adversely affect on the Koizumi reform initiative, which places emphasis on a market-driven economy.

17) Minshuto to attack Takenaka at Diet session

MAINICHI (Page 5) (Full)  
January 25, 2006

The ruling Liberal Democratic Party (LDP) is now trying to have Secretary General Tsutomu Takebe alone take responsibility for

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its support of Takafumi Horie, who has been arrested, in last year's House Representatives general election. The main

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opposition party Minshuto (Democratic Party of Japan), therefore, intends to pursue thoroughly the LDP's relationship with Horie, claiming that they were united as one, while grilling Heizo Takenaka, internal affairs and communications minister, at question-and-answer sessions regarding a supplementary budget bill, which will begin tomorrow. Minshuto sees favorably the LDP's decision to take countermeasures against its head Seiji Maehara, who recently described the LDP's landslide victory as "window-dressing."

Minshuto's taskforce on the Livedoor scandal held its first meeting yesterday and the panel decided to grill Prime Minister Junichiro Koizumi, Takenaka, Chief Cabinet Secretary Shinzo Abe, who was acting secretary general at the time, and Takebe, who supported suspect Horie in last September Lower House election,

at Lower House Budget committee session, which will start on Jan. 26 and other occasions.

In an attempt to link the scandal not only to the issue of LDP's support of Horie but also to "criticism of the Koizumi reform drive," the largest opposition party intends to target its attack on Takenaka. Maehara stated at a press conference yesterday:

"Mr. Takenaka has played a leading role in stock affairs, including liberalization of the securities market, since he was minister in charge of financial affairs. Distortion in his policy led to the scandal this time."

Maehara indicated the perception that the Livedoor scandal is a distortion of the Takenaka policy line.

18) LDP to hurriedly strengthen market-monitoring system

NIHON KEIZAI (Page 2) (Excerpts)  
January 25, 2006

The Liberal Democratic Party (LDP) will hold a meeting of the Corporate Governance Committee today to discuss specific measures to prevent a recurrence of the Livedoor incident and to strengthen the nation's market-monitoring system. The party is planning to increase the number of members of the Securities and Exchange Surveillance Commission (SESC) and to introduce regulations on investment liability partnerships offering bond issues privately.

Secretary General Tsutomu Takebe said in an executive liaison

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meeting yesterday: "We should make utmost efforts to set up a necessary system to make the market fair and transparent." He thus indicated that the task of significantly strengthening the function of the surveillance commission would be put on the agenda.

In today's meeting, discussion was conducted on whether there are not defects in the rules on merger and acquisition (M&A), as well as on measures to increase the number of SESC members and future options for the monitoring section of the Tokyo Stock Exchange.

The Financial Research Commission will also hold a meeting on Jan. 27 to work out regulatory measures for investment liability partnerships.

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19) Defense policy bureau deputy chief to be replaced

MAINICHI (Page 2) (Full)  
January 25, 2006

The Defense Agency yesterday announced informally that it would transfer Defense Policy Bureau Deputy Director General Chisato Yamauchi to the post of National Defense Medical College vice president. Yamauchi has been in charge of negotiations with the US government over the realignment of US forces in Japan. The transfer is seen as a de facto personnel replacement action. Press Secretary Hironori Kanazawa will be Sato's successor.

Defense Agency Director General Fukushiro Nukaga had once made up his mind to appoint Yamauchi to the post of Defense Facilities Administration Agency Naha bureau director general in order to push ahead with coordination with US forces and local governments hosting US military bases. However, Nukaga took back the decision because there is strong dissatisfaction among Defense Agency officials over Yamauchi's way of negotiating and communicating.

20) Sato to become DFAA Naha bureau chief

ASAHI (Page 4) (Full)  
January 25, 2006

Tsutomu Sato, a facilities investigation officer of the Defense

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Facilities Administration Agency, will be appointed to the post of DFAA Naha bureau director general as the successor to the incumbent, Masanori Nishi, officials said yesterday. His appointment will shortly be announced. The Japanese and US governments are expected to release a final report in March on the planned realignment of US forces. With this timetable scheduled ahead, the Defense Agency will enter into full-fledged coordination with local governments hosting US military bases. Sato is a noncareer official and once was long assigned to the DFAA Naha bureau. Sato also has a large network of contacts in Okinawa Prefecture. The agency therefore judged that he is competent enough and is the right person for the post, according to a senior official of the agency.

SCHIEFFER